

Daily Policy Digest

Unions

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The Postal Service Can't Afford Union Jobs

Although the U.S. Postal Service (USPS) has been able to shave billions in expenses, it hasn't been enough to stop the bleeding. The USPS, which is close to maxing out its \$15 billion line of credit with the U.S. Treasury, faces the prospect of running out of operating cash by year's end, says Tad DeHaven, a budget analyst at the Cato Institute.

A big drag on the USPS's bottom line is the pesky postal unions.

- Even though postal operations have become more automated, labor still accounts for 80 percent of the USPS's costs.
- The USPS has been able to eliminate thousands of positions through attrition, but it still possesses the second-largest civilian workforce in the country, behind only Wal-Mart.
- With 85 percent of that workforce protected by collective bargaining agreement, the unions have become a giant anchor on an already sinking ship.
- In 2009, the average postal employee received about \$79,000 in total compensation, compared to \$61,000 in wages and benefits received by the average private sector worker.

Collective bargaining agreements also make it difficult for the USPS to hire part-time workers, which could generate substantial savings, says DeHaven.

The USPS inspector general recently pointed out that the USPS's utilization of part-time workers is below UPS, FedEx, and its international counterparts.

- While only 13 percent of the USPS's workforce is part-time, the figures for UPS and FedEx are a respective 53 percent and 40 percent.
- Germany's Deutsche Post, which is privatized, employs a workforce that is 40 percent part-time.

Unfortunately, the game is rigged in favor of the postal unions, says DeHaven.

Source: Tad DeHaven, "The Postal Service Can't Afford Union Jobs," Daily Caller, October 12, 2010.

For text:

<http://dailycaller.com/2010/10/12/the-postal-service-cant-afford-unions/>

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